

As well might he prevent this man from commencing business till he had all his Capital on hand, as say, that a private Bank composed of persons associating together for Banking purposes should have the whole Capital paid up before commencing.

We shall illustrate our argument by a case in point. The Capital of the Farmers' Joint Stock Banking Company at the outset was £500,000. Had this been all taken up, they would now have paid in a larger Capital than any Bank in the province; but the intelligent gentleman referred to would no doubt say, you must do no business until every dollar is paid up. We contend that upon the very principle laid down by our opponents, that of paid up Capital, the People's Bank, whose liabilities to the public are probably not a shilling for every pound of the Upper Canada and Commercial Banks, is as safe as those great Institutions, while the additional guarantee is afforded of the responsibility of the Shareholders.

3rd. We are told that in times of difficulty and embarrassment the small Banks as they are called are obliged to sacrifice their customers in order to protect themselves, and are quite unable to meet any commercial revulsion such as has lately unhappily taken place on this continent. Also that in times of prosperity these institutions are a check upon the larger ones and prevent their issues being as large as they otherwise would be.

We must again repeat that if a Bank trade upon its *bona fide* capital, it cannot make any difference to the public whether that capital is large or small. If the capital is too small to pay the necessary expenses of the business and yield a fair profit to the shareholders they will have no object in carrying it on; and in Joint Stock Banks where all the partners are liable for the engagements of the Bank there is little probability of the Directors engaging in wild speculations or trading beyond their means, because the extra profits can be of little consequence compared with the risk incurred. Not so we believe with chartered Banks, the Directors know they cannot lose more than their paid up capital, which is in many cases merely nominal, and they are therefore more likely to run great risks for the purpose of obtaining large dividends.

We contend therefore that a revulsion in business cannot embarrass a small bank one jot more than a large one: we deem it next to impossible that any Banks can sacrifice the interests of the commer-